

Message Text

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 6286

UNCLAS BANGKOK 12040

E.O. 11652: N/A

TAGS: BGEN, BBAK, TH

SUBJ: COMMERCE ANTI-RECESSION EXPORT CAMPAIGN

REF: A-2778; STATE 134740

1. EMBASSY BELIEVES THERE IS BASICALLY GOOD MARKET IN THAILAND FOR ALMOST ALL PRODUCTS IN CAPITAL GOODS AND FOR MOST IN CONSUMER GOODS CATEGORIES LISTED IN REFAIR. NOTABLE EXCEPTION, AT LEAST FOR SHORT AND MEDIUM TERM, WOULD BE IN TEXTILE INDUSTRY, I.E., TEXTILE MACHINERY AND SUCH CONSUMER ITEMS AS TEXTILE AND CLOTHING, MEN'S AND BOY'S WEAR, WOMEN'S AND MISSES' WEAR, AND CHILDREN'S WEAR. LOCAL TEXTILE INDUSTRY HAS EXCESS CAPACITY, AND EVEN THOUGH THERE ARE REPORTS THAT INVENTORIES ARE BEGINING TO DROP, WE HAVE SEEN LITTLE INDICATION OF INCREASING DEMAND FOR IMPORTS. THERE IS ALSO ONLY LIMITED SHORT AND MEDIUM TERM MARKET FOR SUCH CONSUMER GOODS SECTORS AS WATCHES, CLOCKS AND WATCH CASES; JEWELRY, SILVERWARE AND PLATEWARE; AND OFFICE FURNITURE. BASED ON PAST AND CURRENT RECORD, ALL OTHER LISTED INDUSTRIES WOULD SEEM TO HAVE SOME CONTINUING PROMISE.

2. WE DO NOT EXPECT, HOWEVER, THAT ANY AMOUNT OF DIRECT TRADE PROMOTIONAL EFFORT WOULD HAVE MUCH SHORT TERM EFFECT (I.E., IN NEXT FEW MONTHS) ON EFFECTING ADDITIONAL SALES OF GOODS IN ANY OF THESE CATEGORIES, BY THOSE RECESSION-HIT AMERICAN COMPANIES WHICH ARE NEW TO EXPORT OR WHICH HAVE NOT ALREADY INVESTIGATED THIS MARKET. EXCEPT FOR FEW POSSIBLE WINDFALL SALES, SIGNIFICANT PENETRATION OF MARKET WILL REQUIRE NORMAL DEVELOPMENTAL EFFORTS ON PART OF AFFECTED COMPANIES.

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3. WITH RESPECT TO LOCAL BUYERS, WE HAVE FOUND VERY LITTLE RESPONSE TO OR INTEREST IN THOSE U.S. PRODUCT EXHIBITS WE HAVE PUBLICIZED WHICH HAVE TAKEN PLACE OUTSIDE OF BANGKOK, WHETHER IN U.S. OR EVEN AT SINGAPORE TRADE CENTER. YET, JUDGING BY VISITORS AND CORRESPONDENCE, THERE IS CLEARLY CONSIDERABLE LOCAL INTEREST IN FINDING NEW COURCES OF SUPPLY FOR WIDE VARIETY OF U.S. PRODUCTS. PROMOTION OF ADS AND TOP SERVICES AMONG U.S. RECESSION-HIT COMPANIES WOULD THUS SEEM MOST EFFECTIVE WAY FOR SUCH NEW-TO-MARKET COMPANIES TO REACH THAI BUYERS. EVEN WITH TOP, HOWEVER, MOST OF EMBASSY'S PREVIATE TRADE OPPORTUNITIES HAVE EMANATED FROM LOCAL DISTRIBUTORS SEEKING LONG-TERM RELATIONSHIPS WITH DEPENDABLE SOURCES OF SUPPLY, RATHER THAN CONTACT WITH COMPANIES WHICH MIGHT BE ATTRACTED TO EXPORT MARKETS ONLY AS TEMPORARY, EMERGENCY MEASURE TO COUNTERACT CURRENT SLOWDOWN IN DOMESTIC SALES. WHILE WE APPRECIATE IMMEDIATE IMPORTANCE OF THIS CAMPAIGN, AND THAT "TIME IS OF THE ESSENCE," WE WOULD HOPE NEVERTHELESS THAT CAMPAIGN WOULD EMPHASIZE IMPORTANCE OF COMPANIES' DEVELOPING LONG-TERM COMMITMENT TO EXPORTS.

4. DEPENDABILITY OF SUPPLY IS BOVIOUSLY IMPORTANT TO U.S. REPUTATION AS EXPORTING NATION. IN THIS REGARD, IT MIGHT BE NOTED THAT MAJORITY OF TRADE COMPLAINTS REPORTED BY THIS EMBASSY IN PAST FEW YEARS HAVE COME FROM LOCAL BIDDERS ON GOVERNMENT TENDERS WHO MAINTAIN THEY ARE HAVING TO PAY PENALTY FEES BECAUSE OF AMERICAN SUPPLIERS' FAILING TO MEET DELIVERY SCHEDULES.
WHITEHOUSE

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